

Message Text

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46

ACTION EA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01 CIAE-00

INR-07 NSAE-00 DODE-00 PRS-01 EB-07 FEA-01 OMB-01

TRSE-00 CIEP-01 CEA-01 AID-05 IGA-01 COME-00 XMB-02

OES-03 ACDA-05 L-02 H-01 /075 W
----- 131027

R 110645Z JAN 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6058

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

CINCPAC

DOD/ISA

C O N F I D E N T I A L JAKARTA 0437

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS: OVIP (UNDER SECRETARY MAW)

SUBJECT: VISIT OF UNDER SECRETARY MAW

1. UNDER SECRETARY MAW AND PARTY VISITED JAKARTA JANUARY 9-11. IN ADDITION TO INTERNAL MISSION BRIEFINGS, UNDER SECRETARY MAW MET WITH MINISTER OF DEFENSE AND SECURITY PANGGABEAN, CHIEF OF STATE INTELLIGENCE GENERAL YOGA, AND MINISTER OF PLANNING WIDJOJO. FOREIGN MINISTER MALIK WAS ABSENT FROM JAKARTA DURING PERIOD OF VISIT.

2. WHILE THREE MEETINGS VARIED IN TONE AND SUBSTANCE, CERTAIN THEMES WERE COMMON IN ALL FORMAL DISCUSSIONS AND IN OTHER DISCUSSIONS DURING SOCIAL AFFAIRS:

A. INDONESIA, EESPITE ITS OIL PRODUCTION (20/O OF
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WORLD PRODUCTION) IS DEVELOPING COUNTRY OF GREAT NEEDS.

EMPHASIS HAS BEEN PLACED BY GOVERNMENT IN BOTH FIRST FIVE-YEAR PLAN AND PRESENT FIVE-YEAR PLAN ON ECONOMIC DEVELOPMENT. DESPITE NEW REVENUES INDONESIA WILL CONTINUE TO NEED EXTERNAL FINANCING FOR ITS DEVELOPMENT ALTHOUGH ITS CURRENT BALANCE OF PAYMENTS SITUATION WILL PERMIT THIS FINANCING TO BE ON HARDER TERMS.

INDONESIA LOOKS TO IBRD, ASIAN DEVELOPMENT BANK AND EXPORT IMPORT BANK AS SOURCES DEVELOPMENT BORROWING. TECHNICAL ASSISTANCE REMAINS OF MAJOR IMPORTANCE IN INDONESIAN DEVELOPMENT PLANNING BECAUSE OF NEED TO TRAIN MANPOWER FOR DEVELOPMENT EFFORT.

B. BECAUSE OF EMPHASIS ON ECONOMIC DEVELOPMENT, WHICH IS IMPORTANT FOR SECURITY OF COUNTRY, MILITARY HAS BEEN NEGLECTED. U.S. GRANT MILITARY AID HAS BEEN IMPORTANT ELEMENT IN PERMITTING DIVERSION OF FUNDS TO ECONOMIC USES. WHILE INDONESIA PREPARED NOW MAKE CASH PURCHASES, IT STILL HOPES FOR CONTINUATION OF SOME GRANT HELP. MINISTER DEFENSE MADE SPECIAL POINT OF RELATIVELY MODEST ASSISTANCE TO INDONESIA COMPARED TO MASSIVE ASSISTANCE TO INDOCHINESE STATES. HOWEVER, IN APPARENT RECOGNITION WASHINGTON REALITIES, MINISTER DEFENSE DEVOTED FAIR PROPORTION HIS PRESENTATION TO INDONESIAN DESIRE MAKE FMS CASH PURCHASE OF DESTROYER TYPE VESSELS, ASKING THAT WE PROVIDE CANDID ESTIMATE TIMING AND COST FACTORS TO PERMIT GOI DECIDE UPON U.S. OR ALTERNATE SUPPLIER.

C. INDONESIANS ARE CURRENTLY INVOLVED IN DETERMINING WHAT THEY CAN DO IN CAMBODIA. THEY SEE LITTLE PROSPECT FOR ANOTHER VICTORY IN UNGA AND BELIEVE PROGRESS MUST BE ACCELERATED TOWARD SOME KIND OF PEACE NEGOTIATIONS. LON NOL MUST GO BEFORE NEGOTIATIONS ARE POSSIBLE ALTHOUGH INDONESIANS WOULD NOT WISH TO SEE HIM DISPLACED BY FORCE. GENERAL YOGA STRESSED THAT LONG BORET WAS MORE ACCEPTABLE TO ALL PARTIES. SIHANOUK DOES NOT HAVE FOLLOWING FOR INDEPENDENT NEGOTIATIONS ALONE AND KHMER ROUGE MUST BE BROUGHT IN. THEY SEE SITUATION AS DEPENDENT ALMOST TOTALLY ON CONTINUATION AMERICAN AID.
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D. COMMENTS ON VIETNAM WERE CAUTIOUS. WITHOUT ANYONE SAYING SO, WE HAD IMPRESSION THEY WERE LOOKING HARD AT CURRENT SITUATION BUT HAD NOT MADE UP THEIR MINDS EITHER ABOUT THEIR ROLE IN ICCS OR ANY OTHER DECISION. BOTH PANGGABEAN AND YOGA STRESSED THAT IT WAS NOT SIMPLE MATTER OF MILITARY VICTORY BUT THAT POLITICAL SETTLEMENT WAS NECESSARY. IN COMMENT FOLLOWING MEETING WITH GENERAL

PANGGABEAN, INDONESIANS EXPRESSED REGRET THAT U.S. APPEARED TO BE TAKING NO NEW INITIATIVES IN RESPONSE TO CURRENT SITUATION.

E. PANGGABEAN IN PARTICULAR AND YOGA BY INDIRECTION REFLECTED INDONESIAN CONCERN OVER WEAKNESSES IN OTHER ASEAN COUNTRIES, PARTICULARLY THAILAND AND MALAYSIA. PANGGABEAN DESCRIBED THAILAND SITUATION AS "FAR FROM SETTLED" AND EXPRESSED CONCERN OVER STUDENT MOVEMENT IN MALAYSIA.

3. COMMENT: UNDER SECRETARY MAW AND PARTY WERE CORDIALLY RECEIVED. CONTINUED INDONESIAN INTEREST IN SECURITY ASSISTANCE WAS DEMONSTRATED IN FORMAL MEETINGS AND BY ATTENDANCE OF DEPUTY CHIEF OF STAFF OF ARMED FORCES GENERAL SURONO, AT DINNER FOR UNDER SECRETARY. MEETINGS DURING VISIT ALSO DEMONSTRATED MOOD OF TRANSITION WITH INDONESIANS, UNDOUBTEDLY UNDER PRODDING BY PRESIDENT SUHARTO, CONTINUING TO MAKE STRONG CASE FOR CONCESSIONAL HELP WHILE DISCUSSING PRACTICALITY HARDER TERMS FOR DEVELOPMENT LENDING AND PURCHASES OF MILITARY EQUIPMENT.

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